



National State Auditors Association

October 20, 2006

Bruce A. Hartman, CPA
State Examiner
State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

Dear Mr. Hartman:

We have reviewed the system of quality control of the Indiana State Board of Accounts in effect for the period October 1, 2005 through September 30, 2006. A system of quality control encompasses the Board's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with governmental auditing standards. The design of the system and compliance with it are the responsibility of the Board. Our responsibility is to express an opinion on the design of the system and the Board's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the Board's system of quality control for engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the Board's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Board's policies and procedures on selected engagements. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it.

Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the Indiana State Board of Accounts in effect for the period October 1, 2005 through September 30, 2006 has been suitably designed and complied with during the period to provide reasonable assurance of conforming with government auditing standards.

Donna Miller, CPA
Team Leader
National State Auditors Association
External Peer Review Team

L. Michael Howard, CPA
Concurring Reviewer
National State Auditors Association
External Peer Review Team